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CURRENT INTELLIGENCE WEEKLY SUMMARY



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CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

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State Department review completed

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PART I

OF IMMEDIATE INTEREST

KHRUSHCHEV-BULGANIN VISIT TO CZECHOSLOVAKIA

The week-long visit of Khrushchev and Bulganin to Czechoslovakia, which ended on 16 July, was used by the Soviet leaders, particularly Khrushchev, to reaffirm their policies following the shake-up in the Soviet party.

Throughout the visit, Khrushchev was noticeably basking in the glow of his recently won political victory at home, and Soviet press coverage of the visit left little doubt as to his present supremacy in the Soviet government and party. Khrushchev's activities were extensively reported while Bulganin was very much in the background. A Western newsman in Moscow was able to pass through the censor a statement that Khrushchev was receiving "top billing" on the Prague visit. This kind of remark has invariably been stricken out in the past. Bulganin paid frequent tribute to Khrushchev's role in "unmasking the antiparty faction" and appeared to have been at pains to demonstrate his present close support of Khrushchev.

Effect in Czechoslovakia

A communiqué issued at the close of the visit stressed the complete unanimity of views between the two parties and governments. This theme was continually stressed by praise given to the Czech party and its first secretary, Antonin Novotny, throughout the extensive tour of the country. The Soviet leaders were apparently successful in fostering pro-Soviet enthusiasm and support wherever they appeared. They

will probably make additional trips of similar nature to other satellites in the next few months.

Frequent mention by the Soviet leaders of the correctness of the policy of the Czech party both before and after the 20th congress of the Soviet party suggests that the hard-line policies of the Czech regime have received Moscow's approbation. Khrushchev stated that not only were there no contentious questions between the two countries, but that the two have never even held different views or estimates of events, either in theory or practical application.

Possibly a warning to the Czech regime, however, was Khrushchev's emphasis on the necessity for the party and its leadership not to be isolated from the masses, giving as an example the stupidity of the prerevolutionary leadership of Rakosi in Hungary. The Czech leadership has recently appeared to be faced with growing internal dissatisfaction with its severe policies.

Khrushchev's continued praise of Novotny indicates that he may now rank as number one in the Czech hierarchy, in place of Premier Siroky. Although Siroky did not occupy as prominent a public position during the visit, it is believed he played a significant role in the several private meetings that were held.

Soviet-Satellite Relations

Khrushchev's views on relations with the satellites

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appear to remain unchanged. Although he did not go into any specifics concerning Soviet-satellite relations, he did make it clear that the matter of paramount importance for him was maintenance of bloc unity and unity within each satellite party. Any threat to bloc unity such as the Hungarian revolution of last fall would be sternly opposed. President Zapotocky clearly stated that Soviet troops would intervene again in a similar situation. Khrushchev pointed out that, contrary to Yugoslav belief, there was only one "general path to socialism" although there were different approaches, but denied that the path followed by the USSR had to be slavishly followed by other "socialist" countries.

Khrushchev apparently believes that he can permit the satellite leaders some leeway in handling their internal affairs and does not feel it necessary to closely guide their policies, so long as they are able to retain adequate internal control. As a result there may be less uniformity in internal satellite policies than heretofore, particularly in dealing with the problem of party factionalism. The latest shake-ups in Bulgaria and Rumania are an illustration of the differences that may occur. (See following article.)

Soviet-Yugoslav Relations

With reference to Yugoslavia, Khrushchev took the initiative in inviting an improvement of relations but continued to insist that the improvement, if it came, would have to develop according to the Soviet formula. He gave no indication that he had altered his view of

the Yugoslav brand of Communism or that he had any intention of doing so.

Yugoslav optimism that the Khrushchev era would accord respectability to Belgrade's views was markedly tempered by Soviet party boss Khrushchev's 11 July speech in Prague. Other than noting the speech, the Yugoslav press and radio have not reacted to his slurs. High-level officials have admitted, however, that Khrushchev's gibes at the Yugoslav "road to socialism" were "disagreeable" and surprising.

Continuing Yugoslav refusal to reply suggests that Tito is inclined to await the results of the forthcoming talks between his top two aides, Rankovic and Kardelj, and Soviet leaders before making public his views on future relations with the USSR. A top-level Yugoslav foreign secretariat official declared on 14 July that Belgrade did not wish to make any important decisions "merely on the basis of remarks made by Khrushchev at a Prague factory."

Foreign Policy

Khrushchev's speeches in Czechoslovakia reaffirmed his foreign policy of competitive coexistence, repeatedly enunciated by him during the past year and first set forth at the 20th party congress. Khrushchev's line on foreign policy and disarmament was echoed in Leningrad on 14 July by Marshal Zhukov, who blamed the West for banking on the "positions of strength" policy, for drawing out the disarmament talks in London, and for building new obstacles to an agreement.

Khrushchev commented often and at length on the problem of

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disarmament, especially his view of "clean" and "dirty" bombs. In his 11 July speech in Prague, he termed President Eisenhower's remarks on this subject "nonsense" and said talk of a "clean bomb" was, in es-

sence, "a bromide, a means to lessen vigilance." Soviet disarmament proposals, he claimed, were the best yet offered and a sure formula for effective disarmament.

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HIGH-LEVEL PERSONNEL CHANGES IN RUMANIA AND BULGARIA

Changes in high-level party positions have occurred in Rumania and Bulgaria following the Moscow shake-up. Top leaders in both satellites are trying to impose party unity in compliance with Khrushchev's repeated warnings that such unity is absolutely necessary in the parties of the "socialist bloc."

In Rumania, the sudden removal of Iosif Chisinevski and Miron Constantinescu from their positions in the party secretariat and politburo and the government--but not the central committee--and the subsequent promotion of Grigore Preoteasa to party secretary and alternate politburo member appear to be the result of personal rivalries rather than ideological controversy.

Preoteasa's promotion, however, has puzzling aspects, since he was closely associated with Ana Pauker, who was purged in May 1952 for "factionalism"--yet both Chisinevski and Constantinescu were formally censured for close connections with Pauker and promoting factionalism and deviation. It is possible that Preoteasa's appointment was intended to placate followers of the two top purges.

Other changes in Rumania--the promotion of Ion Maurer to

foreign minister and Altanasa Joja to minister of education and culture--appear to strengthen the hand of hard-line party leader Gheorghiu-Dej and place in key positions men versed in negotiations with the West. Maurer, long-time associate of Dej and experienced in economic affairs, had been in relative eclipse since 1955, while Joja was formerly Rumania's permanent representative to the United Nations. Preoteasa also has experience in the West, having been minister counselor in Washington until he was expelled in 1948.

In Bulgaria, changes announced on 16 July following a central committee session of 11-12 July appear to result in an increase in power for the triumvirate of former party boss Chervenkov, Yugov, and Zhivkov. A major rival, first deputy premier Georgi Chankov, was dismissed from the party politburo and central committee on charges of conducting "factional activities" which "systematically undermined the unity and collectivity of the work of the politburo" and pursuing a line directed against the policy of the party.

Two central committee members--each allegedly a rehabilitated "national Communist"--were also expelled for "activities

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against the central committee, the party line and the unity of the party." A prominent charge against the expellees was exaggeration of past mistakes by the Bulgarian party leadership

following the Soviet 20th party congress. Fifteen men simultaneously promoted to higher party posts are believed to be protégés of hard-line ex-premier Vulko Chervenkov. [redacted]

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MIDDLE EAST DEVELOPMENTS

President Nasr is scheduled to address the newly formed Egyptian National Assembly on 23 July. There is speculation that he will make some dramatic announcement at that time.

An attack on Western oil interests in Egypt has already been signaled by the formation of a government corporation which reportedly is to take over all oil exploration, production, refining and marketing in the country. The Soviet Union allegedly has agreed to provide technical assistance and a supplementary capital investment for the new company. Nasr may possibly announce some still more ambitious project for Egyptian-Soviet bloc economic co-operation.

Nasr might also decide on some desperate and violent gesture with American policy as the main ultimate target. Nasr's best opportunities for trouble-making at present appear to be in the Gulf of Aqaba situation, where he might try to increase tension between the Saudis and Israelis; in Israeli-Arab border troubles [redacted]

[redacted] and the Arab refugee problem, where current rumors of Arab-Israeli negotiations give Nasr a base from which to launch propaganda attacks on Jordan, Iraq and their Western friends.

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The runoff parliamentary elections on 14 July resulted in the defeat of a number of candidates who had personal connections with the regime; all candidates of course publicly supported the regime in principle. Nasr himself reportedly has lost patience with the whole business of the assembly and the elections. The evidence of widespread hostility toward the regime which he believes was demonstrated by the need for a large number of runoffs reportedly has even caused him to consider giving up his scheduled trip to the USSR in favor of an invitation to Soviet leaders to visit Cairo.

While Nasr thus appears to be in the doldrums at home, the present relaxation in inter-Arab tensions may open the way for him to recoup prestige. Iraqi Prime Minister Ali Jawdat, who failed even to mention the Baghdad pact in his first foreign policy speech to the Iraqi parliament, has let it be known publicly that Iraq is no longer jamming Egyptian broadcasts.

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Egypt has also sought to woo Saud by pointing to the supposed Saudi-Egyptian identity of interest in the Gulf of Aqaba question and to the allegedly continuing threat of Israeli aggression. Saud reportedly made an intransigent speech on the Aqaba question to a gathering of Moslem dignitaries on the eve of the opening of the annual pilgrimage season, and threatened to call the Moslem world to his aid if he failed in his peaceful efforts to make the gulf an exclusively Arab waterway.

Syrian-Israeli Border

Tension continues on the Syrian-Israeli border. The Israelis have agreed, however, that UN truce observers can be stationed in the actual frontier areas, where they presumably can quickly reach the scene of any incident. Israel had previously parried this suggestion on the ground that observers did not prevent incidents or solve the basic causes of tension.

The Israelis probably acquiesced at this time in order to forestall a lengthy UN debate on border problems which would almost inevitably bog down in detailed accusations of violations by both sides. A debate might also have resulted in unwanted public attention to Israel's long-standing activity in fortifying and occupying the "demilitarized" zones along

the frontier. Israel's chief of staff stated publicly that the army would continue its policy of "active retaliation." 25X1

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PART II

NOTES AND COMMENTS

KHRUSHCHEV'S LIVESTOCK GOALS

Khrushchev's new goals of catching up with the United States in per capita output of livestock products in the next few years are impossible of achievement. Yet, they were announced in May, when the Soviet Sixth Five-Year Plan was presumably under revision to make it more realistic.

Calling on the USSR to match US per capita production of milk and butter by 1958, and of meat by 1960-61, Khrushchev raised the meat target from a goal of doubling output between 1955 and 1960 to one of achieving 3.5 times the 1956 output by 1960. The original 1960 milk output goals--an increase of 95 percent over 1955--apparently are to remain the same.

Livestock goals were unrealistically high even before

Khrushchev raised them. Khrushchev has admitted that some of his economic advisers have calculated that the Soviet per capita output of livestock

USSR MEAT AND MILK PRODUCTION (MILLIONS OF METRIC TONS)				
PRODUCTION FIGURES APPARENTLY USED BY USSR				
	1950	1955	1956	1960 GOALS
MEAT	4.9	6.4	6.5	20.1
MILK	35.3	42.1	49.1	82.0*
ESTIMATED ACTUAL SOVIET PRODUCTION				
EDIBLE MEAT	3.4	4.4	4.5	12.5**
MILK	31.2	37.2	43.4	50.8**

*Original Sixth Five-Year Plan
**1960 theoretical maximum achievement (these should not be regarded as forecasts, but are based on proportional utilization of the maximum feed units available).

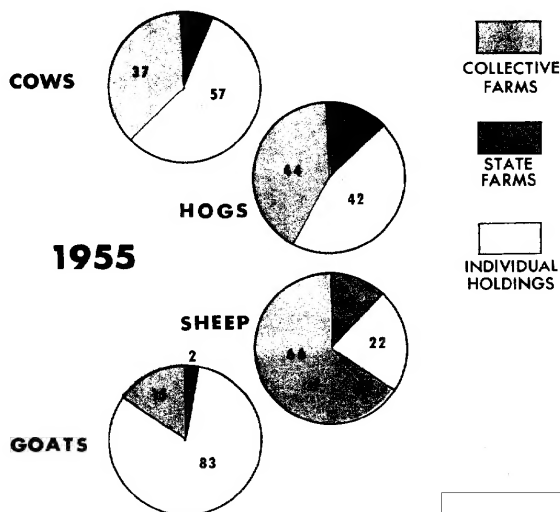
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products could not be raised to the US level until 1975.

Khrushchev's optimism may be related to the record 1956 grain harvest and its positive effects early this year on the production of livestock products. His new lands areas had a bumper harvest last year--with admittedly the best rainfall in 42 years. Khrushchev now appears confident that great results can be achieved despite the fact that no new plans of great scope have been disclosed for the allocation of additional resources to agriculture in connection with the recent livestock goals. A decree has been passed, however, abolishing the compulsory deliveries from private plots beginning next year,

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PRIVATE LIVESTOCK HOLDINGS
PERCENT OF TOTAL~~CONFIDENTIAL~~~~SECRET~~

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which may increase somewhat the production of meat and milk, and will, according to Khrushchev, improve the "political atmosphere" in the countryside. He is apparently banking heavily on the effects of incentives and administrative changes in agriculture.

to report the facts plainly in the next few years if Khrushchev's optimism proves unfounded. Even now, his claims for present meat and milk production appear too high. Meat production in 1956 may be considerably lower than the 6,500,-

While the USSR may achieve considerable increases in the size of herds in connection with its livestock program, the availability of feed is a limiting factor. In 1960 the USSR will have available a maximum of approximately 212,000,000 metric tons of feed units (the feed value of a pound of shelled corn), including grain for export and for stocks. The estimate for Soviet feed requirements to meet Khrushchev's goal in 1960 is a minimum of 344,000,000 tons. Thus the maximum feed available in that year would be

USSR: ESTIMATED MAXIMUM FEED AVAILABILITY IN 1960

(Millions of Metric Tons)

	PRODUCTION	SEED	WASTE	INDUSTRIAL USE	FOOD	RESIDUAL FOR FEED EXPORT AND STOCK	AVAILABLE FEED (in feed units)
BREAD GRAINS	68.9	11.8	3.9	0.9	48.8	3.5	3.5
COARSE GRAINS (EXCLUDING CORN)	33.6	5.6	1.9	0.9		25.2	22.7
CORN	41.4	1.4	4.1	0.9		35.0	35.0
POTATOES	105.0	18.4	10.5	2.5	40.0	33.6	7.4
SILAGE (EXCLUDING CORN)	32.0		3.8			28.2	5.6
HAY AND COARSE FODDER	141.0						56.4
ROOT AND FODDER CROPS	38.0						3.8
PASTURE							68.0
BY-PRODUCTS							10.0
							TOTAL 212.4

* THE FEED VALUE OF A POUND OF SHELLED CORN

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000 tons derived from Soviet figures and indexes. It appears that some form of statistical bias exists, reminiscent of the pre-1953 practice of reporting grain output in terms of "biological yields" which resulted in a 20-30 percent overestimate of grain production.

FEED-UNIT REQUIREMENTS FOR KHRUSHCHEV'S LIVESTOCK GOALS

(Millions of Metric Tons)

	MEAT and MILK GOALS	LIVE WEIGHT REQUIREMENTS	ESTIMATED FEED UNITS REQUIRED
BEEF and VEAL	7.2	16.98 - 13.14	130.6 - 101.0
PORK	10.2	16.72 - 14.49	77.9 - 67.5
MUTTON	1.2	3.02 - 2.52	13.1 - 10.9
POULTRY	1.5	2.31 - 2.31	33.8 - 33.8
MILK	82.0*	-	100.9 - 100.9
HORSES	-	-	30.0 - 30.0
			TOTAL 386.3 - 344.1

* ORIGINAL 6TH FIVE-YEAR PLAN GOAL

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only 62 percent of the estimated minimum requirements.

The propaganda importance of achieving these goals, both to influence uncommitted countries and to perpetuate the political dominance of Khrushchev, may override his desire

and "real organizational work." However, the increases claimed were achieved primarily by using end-of-year numbers for 1950-1952, and 1 October numbers for the subsequent years.

(Prepared by
ORR)

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USSR DISPLAYS TRANSPORT AIRCRAFT

Four transport aircraft displayed last week at Vnukovo, Moscow's civil airport, reflects the Soviet attempt to catch up with the past decade of Western air transport development by replacing twin-engine piston aircraft of low passenger capacity with new large turbojet and turboprop transports. The four types were:

a twin engine turbojet TU-104A, a tourist version of the CAMEL (TU-104);

a four-engine turbojet TU-110, similar to the CAMEL in configuration;

a four-engine turboprop UKRAINA, an Antonov design; and

a four-engine turboprop MOSKVA, or IL-18, apparently Ilyushin's competing design with the same engines.

The TU-104A, with accommodations for 70 passengers, is credited by the USSR with a range of 1,614 nautical miles. At the Zurich air show in May, the Soviet brochure distributed to prospective buyers included a layout of the "first-class" 50-passenger CAMEL (TU-104); the tourist version was to be designed for 70 to 80 passengers. Accommodations for first-, second- and third-class passengers in the TU-104A are interesting in a "classless" state.

The TU-110 with an announced range of 1,856 nautical miles may become the replacement for the TU-104 because of the safety factor of four engines.

The UKRAINA, according to the Soviet press, is also to

be produced in a 126-passenger model. The USSR has announced that this aircraft will possibly be put into service on the Moscow-Stockholm route of Aeroflot in late 1957. Initially the Soviet press reported the UKRAINA was designed to be the standard Soviet airliner, replacing present twin-engine piston types.

The MOSKVA has been compared by Western observers to the American DC-6 and DC-7 transports. The Soviet press claims it has a range of 2,690 nautical miles.

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The Soviet press has announced that in addition to the four aircraft displayed, a 180-passenger four-engine plane called ROSSIYA will soon be in production. It may be either the TU-114, a four-engine transport derived from the BEAR or another new transport.

The USSR announced in June 1956 that the TU-104 would be available for delivery in 1958 and quoted a price of \$1,133,300, which is less than half the price of the most inexpensive Western jet transport. It is obvious that a large amount of engineering manpower and experimental plant capacity now is devoted to transport aircraft. The what extent the development and production of military combat aircraft has been affected cannot yet be evaluated.

On 30 June, Air Marshal Zhavoronkov, first deputy chief of the Central Administration of the Civil Air Fleet, estimated that by 1960, passenger transport on air routes in the

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USSR would increase by about 280 percent and freight transport would double. Emphasis on development of air facilities to accommodate the new aircraft types is further indication that the capabilities of Aeroflot will be greatly increased.

The successful development of the turbojet and turboprop

transports, together with an announced reduction in fares and increasing operational efficiency, would place Soviet civil aviation in a competitive position with commercial airlines outside the Sino-Soviet bloc. This increased civil airlift capability would have military significance in terms of logistic support in wartime.

(Prepared jointly with ORR and OSI)

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ULBRICHT'S LEADERSHIP IN QUESTION IN EAST GERMANY

First Secretary Walter Ulbricht emerged from the Socialist Unity Party (SED) central committee's 32nd plenum held from 10 to 12 July still the top man among East German Communists. Nevertheless, he and his policies were criticized and his continued leadership is by no means certain.

The USSR is faced in East Germany with a dilemma similar to that it faced with Rakosi in Hungary--whether the ouster of Ulbricht would strengthen the East German party's control or lead to popular demands for excessive liberalization. Retention of Ulbricht might so irritate SED dissidents that they would try to force his ouster and thus create a situation dangerous to the party. Thus the Soviet leaders may conclude that Ulbricht's usefulness has come to an end and decide to replace him with a man such as Karl Schirdewan, who apparently favors more moderate policies. Schirdewan has long been regarded as Ulbricht's ultimate successor and probably commands enough backing in the party to keep the rank and file in line if the Russians decide Ulbricht's removal is necessary.

The brief, restrained communiqué issued at the conclu-

sion of the central committee plenum, while endorsing the Soviet changes, suggests that the East German party was attempting to play down their divisive effects on the SED and preclude further speculation by the rank and file. It seems likely, however, that the more liberal elements and the practical economists within the party, who frequently disagree with doctrinaire party leaders, will increase their influence at Ulbricht's expense.

East German leaders were badly shaken and greatly surprised by the purge when they learned of it on 3 July. There apparently was no direct demand for Ulbricht's ouster in the politburo discussion which followed, but it seems clear that many party functionaries considered him to be much closer to the defeated Molotov faction than to Khrushchev.

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Within the party, efforts appear to be directed more toward persuading Ulbricht to moderate his policies than

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25X1 toward purging him. [redacted]
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25X1 [redacted] There are in-
 dications, however, that Ul-
 bricht has adjusted to the
 latest Moscow line and will
 make a serious attempt to appear
 more liberal. But there is con-
 siderable skepticism among party
 officials. [redacted]
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There is some speculation
 that the plenum's decision to
 reorganize the East German eco-
 nomic administration on the pat-
 tern recently adopted by the
 USSR may involve the purging
 of scapegoats for East Germany's
 economic problems. Some party
 officials have suggested that
 Ulbricht might be removed in
 this connection. [redacted]

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POLIO IN EASTERN EUROPE

The incidence of polio-
 myelitis has increased in
 Hungary and may have reached
 epidemic proportions in certain
 areas, particularly in north-
 eastern Hungary; adjacent areas
 in Rumania may also be affected.
 The seriousness of the epidemic
 is reported to range from mild
 to very serious proportions.

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 700 cases, resulting in 45
 deaths, have been reported in
 Hungary.

Hungarian officials have
 received 250,000 cc. of Salk
 vaccine from Canada and have
 requested additional vaccine
 from other Western European
 countries.

At present, Hungary intends
 to give initial immunizations
 to children between one and two
 years of age. Optimum protection

will not be afforded by the
 vaccine for some time.

Poland plans to produce
 Salk-type vaccine. A pilot
 batch of vaccine is reported to
 have passed all control tests
 successfully. Only enough vac-
 cine for 3,000 persons had been
 produced by the end of June,
 although an immunization pro-
 gram is slated to begin in Octo-
 ber for one- and two-year-old
 children.

Czechoslovakia now is
 building production facilities
 and training personnel prepara-
 tory to mass-producing a for-
 malinized polio vaccine. Large-
 scale immunization with a do-
 mestic product is planned for
 1958. Meanwhile, immunization
 was started for children be-
 tween one and seven years of
 age on 2 May using Salk-type

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vaccine purchased mainly from the West. Over 2,000,000 children have been inoculated and 90 percent have reportedly received the second of the three-injection series.

Along with the other Soviet bloc countries, Hungary received the procedures for making the Salk vaccine from the United States in June 1955. Because an effective Hungarian vaccine has not been developed, \$800,000 has been budgeted for purchases abroad.

It is believed that East Germany is not yet prepared to produce formalinized polio vaccine in sufficient quantities for its own needs or those of other bloc countries.

Rumania has recently intensified research on anti-polio vaccine and has been trying to organize production, with no success to date. Some 40,000

units of vaccine were purchased from France as an emergency measure, but large stocks of this vaccine were faulty.

The USSR cannot now provide the satellites with sufficient vaccine, as only one pilot batch has been successfully produced in the USSR. The Russians are now setting up facilities and providing manpower which may enable them to be self-sufficient in polio vaccine production by 1959. The Soviet national immunization program is scheduled to begin in two years; polio now has a relatively low incidence in the USSR.

Other bloc countries will continue to be entirely dependent on Soviet or Western sources for polio vaccine since their research and production capabilities cannot meet the necessary technical requirements.

(Prepared by [redacted] 25X1
OSI)

PEIPING CONCLUDES NATIONAL PEOPLE'S CONGRESS

The fourth annual session of Communist China's National People's Congress ended on 15 July with no announcement of the fate of those non-Communist cabinet ministers who had criticized the Communist monopoly of power in the state. Peiping is still holding out the possibility of dismissing one or more of the accused "rightists" from their posts. Although the "rightists" were promised salvation if they refrained from "evil deeds" and truly repent, some of their confessions at the congress were described by the Communists as "obviously not very sincere."

The regime was evidently taken aback by the bold criticism

of Communist policy which developed from Mao's "hundred flowers" policy, and propaganda expert Lu Ting-i distinguished at the congress between "fragrant flowers" and "poisonous weeds." Peiping now has made clear that the area of permissible political debate in China remains a narrow one, extending very little beyond discussion of the errors committed by low-ranking officials.

At the same time, the regime seems concerned lest the attacks on "rightists" and "revisionists" nullify its efforts to foster intellectual creativity. The Communists still seem willing to countenance somewhat freer debate in the arts and sciences

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than was tolerated before the liberalization program was inaugurated in 1956. Mao's two-hour talk with scientists, artists and businessmen in Shanghai last week was apparently undertaken to reassure intellectuals that he continues to back the "hundred flowers" concept.

Only passing attention was given to the "liberate Taiwan" campaign, a major feature of the congress last year. Chou barely mentioned Taiwan in his report, making only the routine charge that American "aggressors" continued to occupy China's territory, and linking the recent anti-American riots with Taiwanese reaction to the installation of atom weapons there. Two deputies appealed to Chinese on Taiwan to strive for the "peaceful liberation" of the island.

Speaking on the border problem with Burma, Chou En-lai told the congress that "comprehensive" settlement depended on "continued negotiations," which suggests that Peiping will continue to parry Burmese pressure for a quick settlement of the issue.

In an address to the congress described by the Communists as a refutation of Secretary Dulles' San Francisco speech, Deputy Foreign Minister Chang Han-fu reaffirmed Peiping's intransigent stand on issues dividing the United States and Communist China. Chang professed confidence that America's "bankrupt policy of hostility toward China" will "fail ignominiously."

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COMMUNIST CHINA ESTABLISHES TWO NEW AUTONOMOUS REGIONS

The facade of regional autonomy in Communist China was extended on 15 July, when the National People's Congress approved the establishment of autonomous regions for the Chuang and Hui peoples. Far from effecting any grant of real self-government, the political organization and population structure of the new regions will facilitate Chinese domination of these groups.

Since 1952, the 6,500,000 Chuangs, constituting the largest of China's minority groups, have been located in an autonomous district under the jurisdiction of Kwangsi Province. The entire province has now been elevated to the status of a region responsible directly to the central government.

The Huis, ethnic Chinese of the Moslem faith, are the only minority group classified on the basis of religion. One third of their total number of 3,500,000 live in the north-eastern part of Kansu Province, where their autonomous region has been established.

There are two other autonomous regions in China: Inner Mongolia, set up as an autonomous region in 1947, and the Sinkiang Uighur region set up in 1955. In none of these cases has autonomy provided real self-government. Rather, Peiping's control over these peoples is tightened in that the governing bodies of the regions must submit legislation to the central government for approval. Furthermore, the boundaries of the new regions have been set

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to ensure that ethnic Chinese are in the majority. The Chuangs and Huis will comprise only one third of the population of their respective autonomous regions..

The Chinese Communists have followed a conciliatory policy toward national minorities by respecting local languages, religions and customs. They work through amenable local officials and encourage the training of minority cadres in an attempt to disguise central control. The People's Daily this spring admitted, however, that cadres of minority races complain that in their

autonomous areas "the autonomous power exists more in name and less in practice."

In the effort to win international good will, Chinese Communist propaganda has frequently alluded to the propitiatory treatment of minorities such as Thais and Moslems, and Chinese assert that the autonomous regions will "promote international friendship." The Hui Autonomous Region in particular will probably become a recurrent talking point in Peiping's campaign to enhance its standing among the Moslem countries of the Middle East.

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FRENCH AND BRITISH ATTITUDES ON COMMUNIST CHINA

Pressure for recognizing Communist China has markedly increased in the French National Assembly, and Britain has indicated that Commonwealth sentiment might force it to reconsider its previous agreement to exclude Communist China from the first phase of any disarmament agreement.

On 18 July, the French National Assembly foreign affairs committee considered a resolution inviting the government to proceed with recognition, but postponed a vote till the assembly reconvenes in October at the request of Foreign Minister Pineau. Although the resolution would not be binding, it will be the first formal presentation of this issue to the assembly, and its passage would accelerate a reversal of the official French position.

Mounting French sentiment favoring recognition has already reached the point that passage of the resolution by the National Assembly, whenever it is debated, is likely. Among major proponents is former premier Edgar Faure, just back from a five-week sojourn in Communist China during which he discussed international problems with top officials. Faure has now retreated from his position taken when he was premier in 1955--that France should take such a move only in consultation with its allies--and has called for unilateral French action, if necessary.

The head of the left-center Democratic Resistance Union

Party has also demanded that France recognize Peiping and Socialist leader Guy Mollet has had difficulty restraining left-wing deputies in his own party who favor taking such action immediately. Senator Henri Rochereau, who headed the French economic mission to Peiping in 1956, told embassy officials in June that he believes further extension of French-Chinese economic relations is tied directly to political recognition, which he favors at an early date.

Britain, which recognized Peiping in 1950, informed the United States last week that in view of vigorous Australian and New Zealand dissent to the idea of excluding Communist China from the first phase of any disarmament agreement, it is reconsidering its position on this question. Canada concurred with the general feeling expressed at the Commonwealth prime ministers' conference that any disarmament agreement which ignored Communist China was unrealistic.

Although London reportedly has agreed to support the moratorium formula on Chinese representation at the UN General Assembly this fall, any such international recognition of Peiping as its inclusion in a first-step disarmament agreement would further jeopardize Taipei's position in the UN, particularly its claim to a permanent seat on the Security Council. Edgar Faure has reported that, although Peiping would not accept a "two Chinas" solution, he had a strong

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impression during his talks
with Chinese leaders that if
Peiping's legal jurisdiction
over Taiwan were recognized,
they would "in typical Chinese

fashion" accept some formula
whereby the status quo on
Taiwan would be left intact
indefinitely.

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CHANGE OF GOVERNMENT IN NEPAL

The conflicting interests of India and Communist China along the Himalayan frontier probably will be materially affected by the recent change of government in Nepal. The resignation of Tanka Prasad Acharya's cabinet and the King's selection on 14 July of Dr. K. I. Singh to



K. I. SINGH

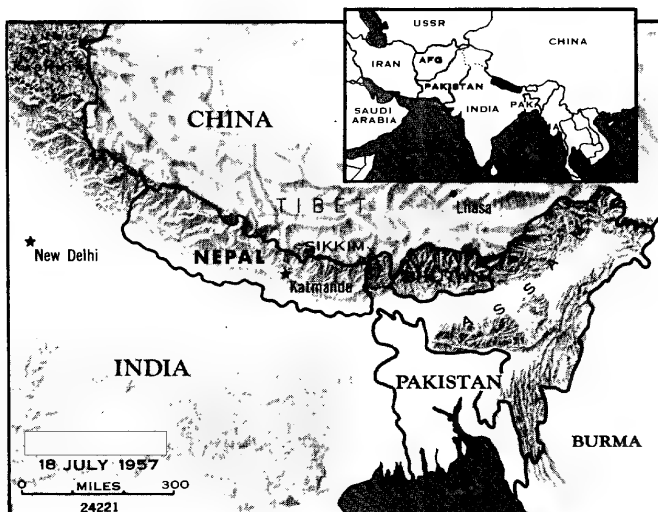
form a new government is expected to result in a shift in Nepal's foreign policy toward closer relations with India. Singh is the rebel leader who spent three years in exile in Communist China following an abortive coup in 1952, but is now believed to be co-operating closely with New Delhi.

King Mahendra's acceptance of the resignation submitted by Tanka Prasad Acharya on 7 July was based on several considerations, including the Acharya ministry's inability to hold national elections by 1 October as proclaimed by the King. Also instrumental were the rising tide of criticism leveled at the 18-month-old cabinet on grounds

of incompetence and corruption, and the outgoing prime minister's failure to negotiate a more broadly based cabinet representing parties other than his own Nepal Praja Parishad.

The King has been generally expected to call on the Nepali Congress, one of the country's strongest parties, to assume leadership of the government. The Nepali Congress leaders may have been passed over because of the strong stand taken by them recently against the government's decision that the elections would be for a parliament, under a constitution promulgated directly by the King, rather than for a sovereign constituent assembly.

K. I. Singh, on the other hand, has not demanded a constituent assembly and has consistently supported the position of the King. In agreeing to try to form a government, Singh stated that royal nominees for the cabinet would be acceptable to him. At the same time, he rejected the King's suggestion that he include parties other than his own. It remains to be seen whether Singh will

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succeed in forming a cabinet acceptable to the King within the two weeks allotted to him. If he fails, the King may prolong indefinitely the direct rule he has assumed pending the formation of a new government.

K. I. Singh has long been considered an enigma. While there apparently is nothing in his background to cause him to be predisposed toward Communist ideology, it was widely suspected during his exile in Tibet and China that the Chinese Communists were grooming Singh to operate as an agent on his return to Nepal.

Since he re-entered the country in September 1955 under royal amnesty, however, he does not appear to have been serving Communist interests, and the Chinese may have been unsuccessful in indoctrinating him. Denying such sympathies or affiliations, Singh has resumed his role of an ardent Nepalese patriot and has occupied himself chiefly with touring the remote back country of Nepal in an effort to capitalize on his personal popularity and attract mass support for his new political organization, the United Democratic Party.

Singh repeatedly has expressed his support for the existing constitutional monarchy and called for a "very special relationship" with India. He has criticized government policies involving increased diplomatic and economic ties with Communist China, and has drawn the enmity of the Nepalese Communist Party.

Since the fall of 1956, when Singh visited New Delhi and held discussions with Prime Minister Nehru and his top aides, there have been increasing indications that the Nepalese leader has reached an understanding with the Indian government. New Delhi has shown growing concern over the rise of Chinese Communist influence under Tanka Prasad Acharya's government, in an area where India traditionally has enjoyed a paramount position. While probably aware that Singh's anti-Communist pose could conceal pro-Chinese leanings, New Delhi may have decided to take the risk of backing him, perhaps in co-operation with King Mahendra, as the best hope for checking Peiping's influence in Nepal and for establishing a friendly and stable government.

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SHAN DISCONTENT IN BURMA

A potentially explosive situation appears to be developing in the Shan State, a quasi-autonomous state in eastern Burma made up of 33 petty principalities whose rulers, or sawbwas, are struggling to maintain their hitherto virtually independent powers against the encroachment of the central government. In 1952, the sawbwas ostensibly renounced their judicial and executive powers subject to satisfactory monetary compensation by Rangoon. In practice they have continued to exercise their powers, and Rangoon only recently appointed a committee to study the prob-

lem of compensation and submit formal recommendations to the government by August.

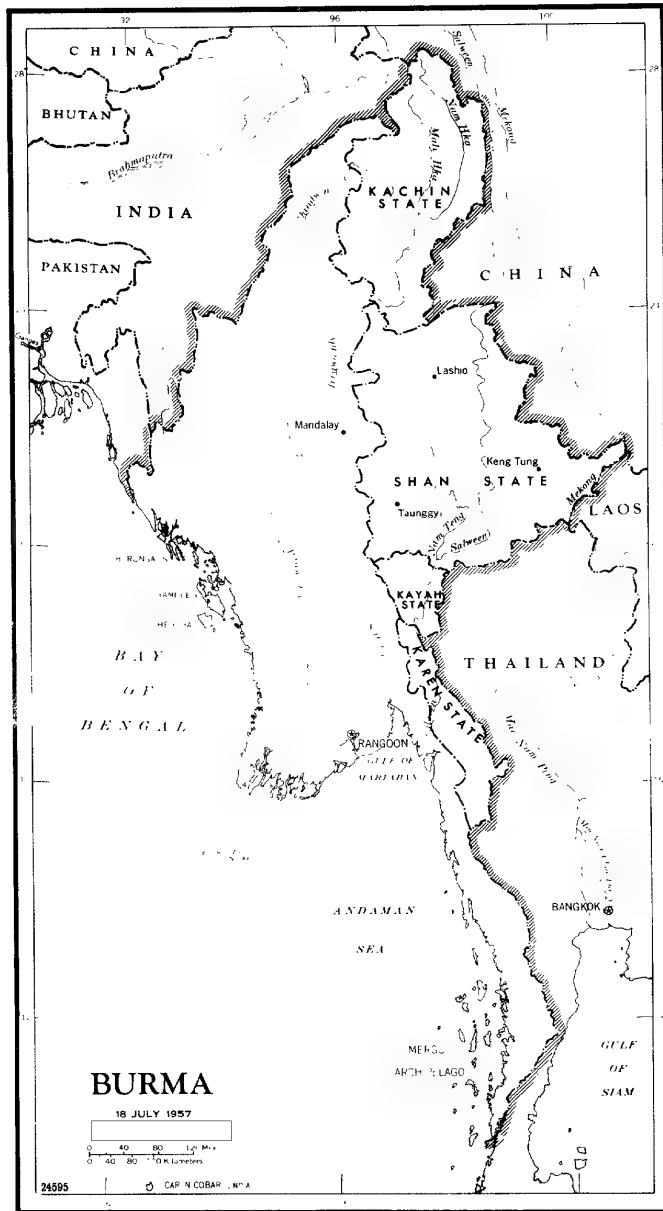
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Meanwhile, many of the sawbwas--probably a majority--

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the state legislative council and by a plebiscite of the state's inhabitants, estimated at 1,500,000, comprising about 8 percent of Burma's total population.

the majority of the sawbwas and Shan people are determined to attain independence, and possess an adequate supply of arms and ammunition to oppose any attempt by Rangoon to prevent them from withdrawing from the union. In conversations with American embassy officers, the leading official of the Kayah state, which borders on the Shan State, gave the distinct impression that his state might join its neighbor in secession.

The attitude of Rangoon to Shan secessionist talk was

have been encouraging speculation that the Shan State might exercise its constitutional right to secede from the Union of Burma after 4 January 1958. Under the constitution, it may secede after that date provided such a step is approved by two thirds of the membership of

made clear by Prime Minister U Nu in a recent speech in which he pointedly recalled to the Shans that Abraham Lincoln, although "loathing bloodshed," went to war to preserve the American federal union. The speech reportedly caused considerable resentment among the Shans.

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It is by no means certain that the Shans will actually take the extreme step of seceding from the union. Their hints of such action may be designed merely to improve their bargaining position in negotiat-

ing with Rangoon. If the central government persists in its efforts to strip the sawbwas of their traditional powers, however, some at least could very well revolt against Rangoon. [REDACTED]

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KATAY'S PROSPECTS FOR INVESTITURE IN LAOS APPEAR SLIM

Laotian Prime Minister-designate Katay is meeting resistance in his second attempt to form a government and reportedly has indicated he may surrender his mandate. The same forces which narrowly defeated him in his first attempt, with the possible exception of some independent deputies, are arrayed against him again. Both the Democratic Party and the left-wing National Union Party of Bong Souvannavong have informed Katay they would again oppose him despite his reported plan to moderate his policy toward a Pathet Lao settlement. It is apparent that Katay would have no margin of safety in an assembly test, and he may therefore withdraw rather than risk the loss of prestige that would follow a second defeat.

In the event Katay withdraws or is defeated, the mandate will probably pass to

ousted prime minister Souvanna Phouma, whose prospects appear favorable. Both the Democratic and National Union Parties reportedly have indicated they would support Souvanna, whose position on the Pathet Lao issue is more in consonance with theirs. Despite their reservations on Souvanna's demonstrated readiness to accommodate to Pathet demands, both Katay and Independent Party leaders would probably support him in order to end the protracted cabinet crisis.

Meanwhile, the serious condition of the aged King's health threatens to add another uncertainty to the Laotian scene. The succession of pro-Western Crown Prince Savang would appear to be assured, unless the ambitious viceroy, Petsarath, should seize on the fluid political conditions to make an extralegal bid for the throne. [REDACTED]

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INDONESIA

Lt. Col. Sumual, deposed commander of East Indonesia who has moved to North Celebes in order to continue his defiance of Djakarta, has reportedly introduced military conscription in that area. Sumual's position appears to be secure in North Celebes and apparently has the passive support of the commanders in two of the four military areas in East Indonesia --the Moluccas and the Lesser Sundas. The commander in South Celebes, who has resumed direct relations with Djakarta, probably will not obstruct Sumual's activities so long as the latter does not interfere in South Celebes.

Sumual reportedly does not contemplate using force against the Djakarta government, but intends to strengthen his position in order to discourage the central government from taking forceful measures against him.

The Djakarta government, having failed to solve disaffection in East Indonesia through the military chain of command, reportedly now hopes to negotiate a settlement with Sumual through civilian channels. A special mission, which includes four high-level officials who are natives of North Celebes, left for Manado, Sumual's headquarters on 17 July.

In Djakarta, President Sukarno's recently installed national advisory council has adopted an agenda for its next meeting on 31 July indicative of the sweeping role Sukarno hopes it will assume in Indonesian affairs. The agenda includes discussion of Sukarno's latest concept, the "new-life movement," the formation of a national planning board, the "normalizing" of conditions in the country, construction activities, and the granting of

regional autonomy. The last three topics apparently involve a compromise whereby Djakarta would resume a measure of economic and political direction over the non-Javanese provinces in return for local construction programs and the grant of a larger degree of regional self-government.

Sukarno, who has explained that the council will serve as a "bridge" between the government and the people, can be counted on to provide broad policy direction, and his influential position will lend a mandatory note to the council's advice. The council is to meet twice monthly for about three days each time. Estimates of the proportion of council members who are Communist or Communist sympathizers range from one third to two thirds.

Meanwhile, early returns from provincial elections in Central Java, which began on 17 July, show a Communist lead. Observers who were recently in the area noted a vigorous and apparently well-financed campaign by the Communists similar to that which preceded the recent Djakarta municipal elections in which the party made substantial gains over its showing in the 1955 national elections. In 1955 the Communists finished a strong second to the National Party in Central Java.

A Communist victory in the Central Java elections would not mean immediate Communist control of the province, since the councils, as now constituted, act largely in an advisory capacity to the governor. The governor in Central Java is a member of the National Party and probably would avoid consulting a Communist-controlled council as much as possible.

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THE NEW JAPANESE CABINET

The cabinet reorganization carried out by Japanese Prime Minister Kishi on 10 July will give the government more of a "Kishi character" than the one had which he inherited last February from his predecessor, Tanzan Ishibashi. It was timed to take advantage of Kishi's enhanced prestige after his trips to Southeast Asia and the United States. No basic changes of policy are expected to result from the reorganization, although key posts in the foreign and economic fields have been filled with officials who probably will pursue Kishi's policies more vigorously than the previous government. The return of Ichiro Kono, strong man of the Hatoyama cabinet, to an official position is evidence of continued factional pressures on Kishi from the conservative Liberal Democratic Party.

Japan's foreign policy is expected to follow the course of co-operation with the United States and the rest of the free world which was outlined by Kishi during his discussions in Washington. Aichihiro Fujiyama, who replaces Kishi as foreign minister, has been president of the Japan Chamber of Commerce and Industry; this appointment, which has been welcomed enthusiastically by most Japanese, is likely to result in increased business and industrial support for the government's foreign policy. Fujiyama probably will intensify Kishi's "economic diplomacy," particularly with regard to Southeast Asia, and will foster increased trade with Communist China, while attempting to maintain harmonious relations with the United States.

The new cabinet represents a group which rose in Japanese politics, along with Kishi, in the movement which ousted former

prime minister Shigeru Yoshida in 1954. Only Deputy Prime Minister Mitsujiro Ishii has been retained in his post. Hisato Ichimada, former governor of the Bank of Japan and finance minister under Hatoyama, was again named finance minister.

Juichi Tsushima, financier and veteran diplomat who was appointed director general of the Defense Agency, reportedly is pro-West and willing to co-operate with American defense planning as far as Japanese political and budgetary considerations allow. Hirohide Ishida's transfer from his post as chief cabinet secretary to that of labor minister is an indication of the importance attached to the government's projected program of weakening leftist labor's illegal activities.

Kishi planned to select for his cabinet posts the best qualified personnel available, but has admitted that, owing to factionalism in his party, he was not completely successful. Nevertheless, the American embassy in Tokyo believes the new line-up contains able men and appears to be a step above the previous cabinet.

The insufficient allotment of cabinet and party posts to veteran conservative factional leaders, however, as opposed to the inclusion of Kono and four cabinet ministers influenced by him, is a potential source of trouble for the regime. Kono, as director of the Economic Planning Board, is not at present in a powerful position, but his appointment could lead to a more influential role. It was Kono who was largely responsible for restoring relations with the USSR and for advocating less co-operation with the United States during the Hatoyama administration.

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THE NEW CANADIAN GOVERNMENT'S APPROACH TO FOREIGN POLICY

In its first month in office, the government of Prime Minister Diefenbaker has appeared primarily intent on proving the Conservatives' pre-election claim that under their leadership Canada would take a more independent position toward the United States than it did under the Liberals. Although the under secretary for external affairs sees no change possible in the basic structure of Canada's foreign policy, he admits that there are "breakers ahead" as far as United States-Canadian relations are concerned.

the Conservatives are still thinking and talking largely in a domestic political context. American Ambassador Merchant also considers that in publicly criticizing the United States' surplus wheat program, which is adversely affecting the Canadian export position, Diefenbaker believes he has found a politically profitable issue with which he can belabor the previous Liberal government for failure to stand up to the United States in protecting Canada's interests.

This attack on the trade policies of the United States has already been actively taken up by the Canadian press and may be pressed further by government leaders in view of their precarious situation in parliament and the likelihood of another election soon.

Such political considerations, however, seem to have

played little part in Diefenbaker's statement that it would be desirable to divert some 15 percent of Canada's imports from the United States to Britain. Canada now derives over 70 percent of its total imports from the United States while sending only 60 percent of its exports here, and the Conservative government is reported determined to reduce this imbalance. Diefenbaker has repeatedly called for closer Canadian relations with the Commonwealth. At the recently concluded Commonwealth prime ministers' conference in London, he pressed for a trade and economic meeting next year to discuss trade and investment expansion possibilities.

government statements to date represent the "freewheeling" of new leaders rather than considered positions and that ultimately actions in the foreign affairs field will be less drastic than initial nationalistic utterances might foreshadow. Some gratification of national pride is already apparent from the satisfaction taken by the press in the announcement that Secretary Dulles' first meeting with Diefenbaker will occur on 28 July in Ottawa rather than in Washington. The new government may be less interested than its predecessor in mediating between Britain and the United States on such issues as dealings with the Chinese Communist regime.

ARGENTINA'S CONSTITUENT ASSEMBLY ELECTIONS

The Argentine provisional government, despite strong opposition pressure, appears to be succeeding in its plans to hold elections on 28 July

for a constituent assembly to revise the constitution. Opposition groups especially dislike this preliminary test of strength prior to the February

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1958 general elections; they would prefer to advance the general elections. All parties are in varying degrees competing for the votes of former supporters of the outlawed Peronista Party who may still constitute a majority of the electorate.

The Aramburu regime considers constitutional revision necessary in order to strengthen democratic practices in Argentina, but the decree convoking the election specifically states that the delegates will decide whether the constitution should be revised. Furthermore, the decree limits the articles to be considered to those concerned principally with the establishment of "an adequate electoral system," with strengthening the federal system of government, with increasing the judicial power and individual rights, and with control over "natural sources of energy." President Aramburu, supported by the majority of the armed forces, insists on maintaining his political program.

Approximately eight national parties, including the Communist, are thus far reported running candidates in about three fourths of the provinces for the 205 seats in the assembly. Not all of the more than 30 recognized political parties are presenting candidates, and some have presented slates in only one or two districts. Communist Party candidates were declared eligible in the Buenos Aires Federal Dis-

trict, after a decision of the Appellate Court on 13 July.

Neo-Peronista leaders are urging former Peronistas to cast blank ballots to deny the government popular co-operation. 25X1

A Peronista-influenced attempt at a general strike on 12 July failed, however. 25X1

Since the Peronistas won over 65 percent of the votes in the April 1954 national elections, all the parties have in varying degrees been trying to attract Peronista votes. The most active political figure in this regard is Arturo Frondizi, leader of the left-of-center Intransigent Radical Civic Union, who is thus far the foremost contender for the presidential race next February. In the 1954 elections, the factionalized Radicals united to win about 30 percent of the vote, but last January they divided into two general divisions, thus making the election results even more unpredictable. The anti-Frondizi Radicals have almost twice as many registered voters in the important Buenos Aires area and generally support the government.

Frondizi stated on 11 July that if his party wins the constituent elections, his delegates will refuse to revise the constitution and will demand immediate general elections. 25X1

COMMUNIST LABOR ACTIVITY IN PERU

The favorable foreign investment climate in Peru is being threatened by increasing Communist participation in recent successful strikes and in

work slowdowns directed against foreign-owned or -sponsored economic activities. Communists led the railway strike of 23 June to 5 July which paralyzed

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the important southern city of Arequipa and forced extensive concessions from local civic and business leaders.

By the end of 1956, total foreign investment in Peru amounted to \$710,000,000. Of this, US investment represents 77 percent, which includes a \$200,000,000 copper investment at the new US-owned Toquepala mines in southern Peru. The sizable foreign investment has been largely responsible for the booming Peruvian economy. In addition, US assistance, such as the drought relief program, has helped the Peruvian economy which has come to be regarded as one of the best in Latin America for foreign investors.

The recent 13-day Communist-led railway strike, which began on 23 June, highlights stepped-up Communist activity aimed at discouraging foreign investment and threatening the US-assisted relief for 1,800,000 subsistence farmers in the drought-stricken area. Other Communist opposition is seen in the unionizing activities at the Toquepala copper site.

The target of the strike, which was preceded by repeated incidents of sabotage and a slowdown on the railroad, appeared to be the US-assisted drought-relief program, which has been under attack for some time. Interrupted relief ship-

ments were destined for the department of Puno, where the recent harvest was only 30 percent of normal. Need for relief there is increased by the fact that a recently instituted public works program employs only one percent of the population, although a survey in April showed that 54 percent were destitute.



The railway strike gave rise to "sympathy" strikes, which only the leftist, non-Communist APRA unions refused to join, and paralyzed the key

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southern city of Arequipa from 1 to 5 July. Civic and business leaders, apprehensive of the labor unrest in the city known as the "cradle of Peru's revolutions," ended the strike on 5 July by agreeing to extensive concessions, which the management of the foreign-owned railway has since disavowed.

The Prado government has repeatedly indicated an interest in cracking down on the Communists, who number an estimated 6,000 members. Apparently no effective action has yet been taken for fear of strengthening APRA, the Communists' only rival in the labor movement. President Prado has for the past year

maintained an informal alliance with APRA, exchanging a tacit guarantee of APRA's continued legal status for APRA's moderation in political demands, support in congress and quiescence in labor demands.

Powerful conservative elements, including key armed forces officers, continue to believe, however, that APRA is the primary threat to the established social and economic order in Peru and have threatened to oust Prado if APRA makes significant gains. As a result, the government is likely to continue a vacillating policy toward the Communists.

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PART III

PATTERNS AND PERSPECTIVES

A STUDY OF THE RECENT LEADERSHIP CHANGES IN THE USSR

In the charges made against those removed from office in the Soviet Union in June and the many reports and rumors surrounding these events, there is enough reliable information to make possible a reconstruction of the actual events.

The three principal members of the anti-Khrushchev faction--Malenkov, Molotov, and Kaganovich--appear to have been strange allies. Undoubtedly they had opposed certain Khrushchev policies as the central committee resolution formally charged. However, the blanket accusation of "dogmatism" and the suggestion that they all had consistently frustrated party policy "over the last three or four years," appear to be propaganda techniques of tarring them all with a single brush in order to eliminate them once and for all as Khrushchev's political rivals and critics.

Personal Rivalries

There are indications of a rivalry between Malenkov and Khrushchev at least as far back as 1949 when Stalin brought Khrushchev from the Ukraine to reorganize the Moscow party organization and to join the central committee secretariat. The rivalry was apparent in March 1953 when Malenkov was forced off the party secretariat, leaving Khrushchev the senior secretary. During the next two years, Khrushchev moved constantly to the front at the expense of Malenkov. He built up his strength in the party apparatus, garnered more and more public attention for himself, and initiated the "virgin lands" program, the initial success of which strengthened his hand politically and contributed to the difficulties encountered by

Premier Malenkov's "new course" program. In February 1955, Malenkov was forced out of the premiership and publicly humiliated, amid charges that his consumer goods program had threatened the primacy of heavy industry. On this issue, Khrushchev probably had the support of Molotov and Kaganovich.

Since Stalin's death, Molotov had undoubtedly been uncomfortable with the forms and intent of the "peaceful coexistence" line which had dominated Soviet foreign policy. However, the proposed reconciliation with Tito was the particular issue which brought him into direct conflict with Khrushchev. Throughout the spring of 1955, he apparently kept up a stubborn resistance to this policy. Even after the Khrushchev-Bulganin trip to Belgrade in May and June 1955, he continued to regard Tito as a heretic and the concessions made to him as a mistake. For this he was censured by a plenum of the central committee in July 1955. He seems to have been completely alone in his defiance, for he got no support from either Kaganovich or Malenkov.

At the 20th party congress in February 1956, both he and Malenkov were obliged to "eat crow" by repudiating the policies they had earlier advocated, and Molotov heard his conduct of Soviet foreign policy described as "ossified." In June 1956 on the eve of Tito's return visit to Moscow, he was relieved as foreign minister.

The ouster and vilification of Kaganovich is especially ironic. There is much evidence that he was an early patron of Khrushchev and helped him on his way to the top. After Stalin's death his influence

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increased and, until the end of 1955, he apparently remained the regime's top industrial expert. He undoubtedly sided with Khrushchev on the issue of heavy versus light industry in December 1954 since, as a long-time advocate of rapid industrial growth, he must have viewed Malenkov's consumer goods concessions as recklessly unorthodox.

In May 1955, as part of the government reorganization which followed Malenkov's demotion from the premiership, Kaganovich was appointed chairman of a new Committee on Labor and Wages, an important assignment. When Khrushchev and Bulganin went to the Geneva conference in July 1955, Kaganovich reportedly was left in charge on the home front.

Toward the end of 1955, however, it appeared that Kaganovich was undergoing gradual eclipse at the hands of younger economic administrators, particularly Pervukhin, and that his influence in the presidium was declining. Kaganovich, embodiment of the militant "Old Bolshevik," may have become increasingly disturbed over the Khrushchev experiments. More than any other thing, however, the de-Stalinization campaign probably marked the parting of the ways between him and Khrushchev. At the 20th party congress, he was reticent in commenting on the "cult of personality," which he described as "no easy question."

In June 1956, Kaganovich was released from his Committee on Labor and Wages assignment and in September was appointed minister of the building materials industry, a lower ranking post.

All three men, then, had reason for dissatisfaction with Khrushchev's leadership and policies. Until late 1956 and early 1957, however, there ap-

parently was no single issue which united them in common cause against Khrushchev.

The December Plenum

In December 1956, the central committee held a plenum which was primarily concerned with economic problems. There seems to have been general agreement that the regime was faced with serious economic difficulties, but there apparently was disagreement as to whether the goals of the draft Sixth Five-Year Plan, approved by the 20th party congress in February 1956, or the administration of the economy were responsible for them. The two are not mutually exclusive, but in the minds of the protagonists probably became nearly so.

The industrial administrators, critical of the very high goals and the pattern of investment allocations contained in the Sixth Five-Year Plan, wanted a more economically realistic plan and some relief from the tensions produced by high growth tempos.

Those opposing this view--mainly party functionaries and military men--were concerned lest the goal of "catching up with the West" in per capita output be relegated to the museum of Communist antiquities. In their view, sufficient reserves existed in the Soviet economy to enable the plan to be met, and the real culprits were the industrial administrators whose departmental empire-building, featherbedding and red tape worked against fully realizing the USSR's economic capabilities.

This conflict resulted in a standoff, and the plenum apparently decided that both criticisms had merit. It decided, on the one hand, that the five-year plan should be revised as proposed by the administrators, but it also

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ordered, in an unpublished decision, an immediate examination of the problem of interdepartmental barriers.

The party presidium members were probably as divided on these issues as was the plenum.

Molotov defended the five-year plan and that Khrushchev attacked industrial administrators for maintaining interdepartmental barriers. Malenkov probably sided with the industrial administrators, since he had long considered retrenchment and correction of disproportions in the economy a vital necessity. Saburov, more than likely, was unsympathetic to attacks on the plan, since he had helped develop it and had been responsible for presenting it to the 20th party congress. The plenum, reflecting on his performance as planning chief, replaced him with Per-vukhin as chairman of the State Economic Commission for Short Term Planning of the National Economy.

On the basis of subsequent events, it is likely that Khrushchev argued against any substantial downward revision of the plan, Saburov probably criticized "administrative deficiencies," while Molotov may have seen in the attack on interdepartmental barriers a dangerous move toward further decentralization.

The plenum, therefore, set in motion two apparently separate sets of activities. Per-vukhin, aided by a team of top-level administrators, proceeded to create the annual plan for 1957, ostensibly in accordance with the plenum's directives. Another group, whose membership is unknown but which may have included Saburov and possibly Khrushchev, tackled the problem of interdepartmental barriers.

Khrushchev Regains Initiative

During the fall of 1956, Khrushchev had appeared to be

somewhat on the defensive. He showed signs of modifying his positions, particularly in regard to his secret-speech views on Stalin, and appeared more occupied with maintaining the status quo than trying new or unorthodox solutions to current problems.

This may have been partly a result of adjustment to the problems arising from the de-Stalinization campaign and the crises in Poland and Hungary, but it may also have been the result of strong pressure from opposing members of the presidium, who saw in his de-Stalinization campaign the cause of all their headaches.

There were rumors in mid-November and again in December that he would be replaced. These rumors subsided when the December plenum took place after a three-day postponement and no personnel changes were forthcoming. In early January there was a rumor circulating in Warsaw that Khrushchev had retained his leadership by only a "slim majority" at the plenum.

Malenkov's presence along with Khrushchev at a high-level meeting of satellite leaders in Budapest from 1 to 4 January may have been a concession to this pressure. Before then, the Hungarian revolution had apparently been handled exclusively by Khrushchev, Mikoyan and Suslov.

Shortly afterwards, however, Khrushchev began to re-emerge as the most dominant figure on the Soviet scene, and Malenkov did not participate in the 10 January talks with Kadar in Moscow. Khrushchev's public appearances and the programs with which his name was associated began to multiply. In Pravda of 1 January, Khrushchev answered the New Year questions put by the editor of the Czechoslovak newspaper Rude Pravo, a function which since Stalin's death had been the prerogative

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of the premier, not the party first secretary.

In the mass presentation of awards to republics and oblasts for outstanding agricultural achievements in the middle of January, Khrushchev was the only presidium member personally to bestow awards on more than one oblast or republic. In addition, he was the recipient of personal praise from Party Secretary Aristov, who in his speech in Chelyabinsk Oblast said he felt it "necessary to mention the great energy and persistence, the bold initiative and determination demonstrated by N. S. Khrushchev in the reclamation of virgin and waste lands."

February Meetings

On 5 February 1957, Perukhin presented his 1957 annual plan to the Supreme Soviet, which dutifully adopted it after three and a half days of "debate." Planned growth of industrial production was cut from the 10.8 percent achieved in 1956 to 7.1 percent, the lowest in any peacetime year since 1928. If the annual plan was any forecast of the changes to be made in the Sixth Five-Year Plan, scheduled for revision by midyear, then the victory of the managerial elite was complete. Perukhin's group apparently went even further with economic retrenchment than the December party plenum had intended.

Meantime the group working on the problem of administrative deficiencies had partially discarded the traditional Soviet method of merging ministries and had worked out a radical solution involving a sharp reduction in the central ministerial apparatus in Moscow and an expanded co-ordination of activities within regions. The new plan was designed in part to break up the ministerial empires, blast entrenched bu-

reaucrats from their chairs, and distribute both men and administrative authority widely over the geographic face of the Soviet Union. It was also designed to "release" the economic reserves tied up by interdepartmental barriers, bureaucratic red tape, and other administrative deficiencies.

Khrushchev now had two weapons which he lacked in December. He could argue, pointing to the 1957 plan with its sharply reduced rate of growth, "See what happens when you listen to the professional industrial administrator. He is only interested in relaxing and taking it easy when he should be straining to the utmost to produce more and more for the state." And he had a coherent plan of his own as an alternative to the reduction of Sixth Five-Year Plan goals. He was in a position not only to discredit the industrial bureaucrats but also to destroy them as political factors.

With most of the party's central committee in Moscow for the Supreme Soviet session, it was a relatively simple matter to convene a plenum. The Supreme Soviet ended its work on 12 February, and the central committee's two-day session began the next day. Khrushchev's strategy worked. His reorganization scheme was adopted, and "political" control over industrial development passed into his hands. But his victory involved much more than control of industrial matters. It marked a defeat for his political enemies and the destruction of the ministerial empire as a political base.

Khrushchev on the Offensive

Although Khrushchev remained very much in the background at the February Supreme Soviet session, the party central committee plenum which followed immediately on its heels appears

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to have been completely dominated by him. In addition to his scheme for reorganizing Soviet industry, he was able to bring about the appointment to the party presidium of one of his supporters, Frol Kozlov. At a Leningrad party meeting attended by Khrushchev in November 1954, Kozlov replaced the oblast party first secretary and Malenkov protégé, V. M. Andrianov.

During the spring, Khrushchev initiated the practice of sending personally signed congratulatory telegrams to agricultural workers and officials and in March participated in the first of a series of much-propagandized regional agricultural conferences. At the end of the month, his theses on the economic reorganization were published for discussion.

During the month of May, Khrushchev's publicized activities reached an all-time high. In the volume of personal publicity and in the number and diversity of policies associated with his personal sponsorship, he surpassed all the other members of the collective leadership put together. Early in the month he presented his theses to the Supreme Soviet, was named chairman of the commission elected to draft the law, and again addressed the session after the law was passed.

At an agricultural conference in Leningrad on 22 May, in a manner clearly revealing his continued dominance over agriculture, he boasted that the USSR could overtake the United States in per capita output of meat and dairy products in the next few years. It was also at this conference that he discussed the possibility of discontinuing compulsory deliveries from private plots, a subject still pending decision in the presidium. In between these activities, he was interviewed by CBS on television and re-

ceived a plaque from a group of Leningrad workers with a highly laudatory inscription. No Soviet leader had received similar approbation since Stalin's death.

The precise point at which Malenkov, Molotov, and Kaganovich decided to join forces for an attack on Khrushchev can only be conjectured. Khrushchev's February victory must certainly have indicated to the three that time was running against them. Once the industrial reorganization became an established, irreversible fact, their chances for a comeback would be nil.

The industrial reorganization plan, which would have the effect of pushing them further into political oblivion, at the same time created great dissatisfaction among many important political figures in Moscow, including members of the central committee. Their bureaucratic empires were being dissolved and many of them were personally threatened with transfer to the hinterlands far from the comparative luxuries of Moscow. Khrushchev's scheme could be easily represented as weakening centralized control of industry and hence weakening the party.

Furthermore, Khrushchev, himself, provided the opposition with another point of criticism by claiming that the USSR could overtake the West in per capita production of meat and dairy products in the near future and in inaugurating agricultural measures designed to fulfill that claim. Khrushchev could be attacked for saddling the Soviet economy with this strenuous agricultural program on top of the unprecedentedly widespread industrial reorganization.

Shepilov, formerly a Khrushchev protégé, apparently joined the other three very late in the game. He appears to have misjudged the relative strengths

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of the two factions and cast his lot with Molotov, Malenkov and Kaganovich in order to be, so he thought, on the winning side. His venal nature may have been the decisive factor in his decision if, as one report states, he was offered the post of party first secretary by the insurgents.

Showdown in the Presidium

When Khrushchev and Bulganin returned to Moscow from Finland on 14 June, they were met by Malenkov, Molotov, Kaganovich, Mikoyan, Pervukhin and Saburov.

it was then that the anti-Khrushchev faction members, who had probably taken advantage of his absence to plan their moves, demanded a special meeting of the presidium on the pretext that they wanted to discuss speeches scheduled to be delivered by the leaders in Leningrad on 22 June.

Malenkov had learned that Khrushchev even then planned to link him with the so-called "Leningrad Affair." This would mean that Khrushchev was not unaware that his policies and tactics might provoke a revolt in the presidium and that Malenkov, at least, acted with a sense of desperation.

The presidium probably began its session sometime on 18 June. On that day, Khrushchev granted a routine interview to the editor of a Japanese newspaper, something he would probably have had neither the time nor the inclination for if the momentous political battle had already begun. Also on that day, a delegation of Hungarian journalists was received in the Kremlin by Khrushchev, Bulganin, Voroshilov, Kaganovich, Malenkov, Mikoyan, Molotov, Pervukhin, Zhukov, Furtseva, Shepilov and Brezhnev--that is, by all of the full and candidate members of the presidium believed to have been

in the city. Of the missing full members, Saburov was in Warsaw, Kirichenko was in the Ukraine, and Suslov, who had not been publicly identified in Moscow since 19 May, was probably on vacation away from the capital.

Three candidate members are also known to have been elsewhere on 18 June--Kozlov in Leningrad, Mukhitdinov in Uzbekistan, and Shvernik, who returned the next day, in Ufa.

It is probable that the 12 full and candidate members who met the Hungarians composed the opening presidium session. The four dissidents--Malenkov, Molotov, Kaganovich and Shepilov--began an attack on Khrushchev's policies and leadership, demanded his resignation as first secretary and reportedly presented a list of candidates for the secretariat and the Council of Ministers.

The anti-Khrushchev faction--and in particular Shepilov--would hardly have called for a showdown unless they had anticipated a reasonable chance to win a majority over Khrushchev in the presidium itself. In addition to their own three votes they would have needed at least two others to ensure a majority. Pervukhin may have been counted on for one and either Voroshilov or Bulganin for the other.

Khrushchev argued that only the central committee could remove him as first secretary. But the opposition must have expected him to give way on this point in the face of a determined majority in the presidium or have been prepared to accept a central committee decision. It is unlikely that Khrushchev's mere insistence on a central committee ruling could have carried the day, and, according to some accounts, although technically outvoted at this point,

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he got the outright support of Marshal Zhukov, which was enough to make his argument stick.

In Stalin's day the police would have entered the picture at this point and the issue would not have gone to the central committee for resolution. However, since the post-Stalin leaders had systematically reduced the power of the police to keep it from becoming the tool of any single individual, neither of the factions could invoke this power, and the issue had to be settled outside the presidium. The degree of Zhukov's intervention cannot be established and the question should probably be treated with some reserve, but the fact remains that in his person was represented the physical power of the army, the final agency of enforcement.

According to another version, supplied by the Moscow correspondent of the Italian Communist newspaper L'Unita, the anti-Khrushchev faction members intended to ensure a favorable outcome for themselves in the central committee by announcing in advance of its convocation that the presidium had voted to remove Khrushchev as first secretary. In this case, presumably, the "bandwagon" instinct could be expected to win out over any loyalty to Khrushchev in the central committee. Furthermore, the opposition's earlier soundings may have convinced it that Khrushchev's strength had been cut into by disgruntlement over economic reorganization, which probably meant job relocation for many central committee members.

The presidium session was evidently protracted--three days, according to some accounts. The three missing full members were probably back in Moscow before it ended. It is not

known whether votes were taken or on what specific propositions, or what the exact line-ups were. The tide probably shifted back and forth with some members vacillating, which enabled Khrushchev to prevent his enemies from taking their next step and gave him time to set in motion through the secretariat the machinery for convoking the central committee.

According to L'Unita, news of the debate in the presidium spread rapidly among central committee members who resided in Moscow. Others began to arrive from outside the capital and, within a day, 107 members are said to have assembled to demand that the issue be placed before the central committee. Other reports state that Madame Furtseva performed yeoman service in creating this pressure on Khrushchev's behalf by spreading the word among provincial party organizations.

not all the central committee members who gathered in Moscow were Khrushchev supporters, but most of them saw this as an opportunity to assert the prerogatives of the central committee as the legal parent body of the presidium.

Malenkov, Molotov, Kaganovich and Shepilov were probably supported by Pervukhin and by Saburov on his return. Khrushchev probably had Mikoyan with him, and almost certainly Kirichenko and probably Suslov when they returned. If there were waverers, it seems most likely to have been Bulganin and Voroshilov. Among the candidate members, who have technically the right to debate but not to vote, Khrushchev would have had the support of Zhukov, Furtseva and Brezhnev, and of Kozlov, Shvernik and Mukhitdinov if the latter three reached Moscow in time.

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If this reconstruction approximates the real situation, the battle in the presidium was "touch-and-go" with the outcome uncertain up to the end. Khrushchev was faced with a formidable opposition, but an opposition which never succeeded in getting a decisive upper hand. His opponents' failure to do so enabled him to throw the issue into the central committee where Khrushchev's position was far more favorable.

Central Committee Convenes

On 21 June, the Aviation Day air show scheduled for 30 June was canceled on the pretext of a poor weather forecast. On the same day, the Soviet ambassador in Iran, Nikolai M. Pegov, left for Moscow in such a hurry he did not have time to arrange for an exit visa; in Peiping, a chargé d'affaires took the place of Ambassador Pavel F. Yudin, who was apparently en route to Moscow; in Paris, Ambassador Vinogradov called the French Foreign Ministry at midnight to request an exit visa. On 21 or 22 June, Ambassador Panteleimon K. Ponomarenko left Warsaw,

about the same time Ambassador Grishin left Prague and Ambassador Malik journeyed from London to Moscow. Pegov, Grishin, Yudin, and Ponomarenko are full members of the central committee; Malik is a candidate member; and Vinogradov is on the Auditing Commission.

On 22 June, a celebration marking the 250th anniversary of the founding of Leningrad was held. Frol R. Kozlov, Leningrad party first secretary and candidate member of the presidium, gave a speech, but Khrushchev, who had reportedly been invited to attend, was not on hand.

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The central committee met from 22-29 June. It was an enlarged meeting at which the 133 full members and 122 candidate members were joined by the 63 members of the Central Auditing Commission. With deductions for losses because of deaths since these bodies were elected, this would represent a total of roughly 300.

The length of the central committee session--eight days--indicates that it was not merely called on to hear and rubber-stamp a resolution to end the quarrel in Khrushchev's favor.

Khrushchev reportedly relinquished chairmanship of the meeting to Suslov, who opened with a statement of the issue and thereafter apparently manipulated the order of speakers to ensure that the proceedings went Khrushchev's way. Most of the principal contenders evidently had a chance to state their cases, and Khrushchev's opponents apparently stated theirs with considerable vigor, at least at the outset.

The Khrushchev forces, however, seem to have organized themselves well in a brief time. According to one report, Khrushchev got the upper hand at the beginning by making the first order of business a discussion of the "internal situation of the party," that is, the issue of "factionalism." Molotov's attempt to raise the issue of Soviet reverses in Hungary and Poland, on which Khrushchev was probably

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vulnerable, failed. Andrei Kirilenko, who has now become a candidate member of the presidium, reportedly led the counterattack of the Khrushchev forces at this point. Khrushchev himself apparently took the floor on the second day of the meeting to unloose a three-hour harangue.

These tactics were probably used over and over again to wear down the opposition and to discourage whatever support it may have had from showing itself. Reportedly, 215 members sent in requests to speak, of which 60 were granted; the remainder filed

written statements. When, as one report states, Zhukov came out for Khrushchev on the next to last day, the opposition crumbled and made the necessary self-denying statements.

On 3 July, Pravda carried a front-page editorial and an inside-page article on party unity. All members of the party, high and low, are subject to the same discipline, Pravda asserted, and recalled that Lenin insisted on expulsion from their party posts of those guilty of "factionalism."
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AFGHANISTAN'S MILITARY BUILD-UP

The willingness of the Soviet bloc to supply arms to Afghanistan during the past year has given the Afghans their first opportunity to start modernizing their armed forces on a major scale--an important Afghan goal since World War II. Kabul is accepting both equipment and technical aid to achieve the desired military build-up.

In contrast to recent Afghan dissatisfaction with some of the Soviet economic aid

military arrangements appear to have been satisfactory to Kabul. About \$20,000,000 worth of arms have been delivered, and several Soviet training programs have been established for Afghan personnel. As training progresses and the arms are issued to troop units, Soviet military influence in the country may be expected to increase.

Armed Forces

The mission of the Afghan armed forces is primarily the maintenance of internal security. To carry out this mission, the government maintains an army of

about 44,000, a gendarmerie of about 20,000, and an air force which had only 99 men until late in 1956 but which is now growing rapidly. Approximately three fourths of the army is infantry, with the remainder in artillery, cavalry and staff units. About 45 percent of the army--including the best-trained and -equipped units--are concentrated in or near Kabul. Another 30 percent are located in the eastern and southeastern portion of the country adjoining Pakistan, with the remaining units distributed throughout the rest of the country.

While no accurate budget figures are available, it is estimated that the annual Afghan military budget amounts to about \$10,000,000--exclusive of Soviet arms purchases--out of a total government budget of about \$50,000,000. Military personnel are poorly paid, despite a 25-percent increase in pay in October 1956.

Most of Afghanistan's arms were procured from European countries in the 1920's and 1930's, although the small Kabul arsenal, which produced some

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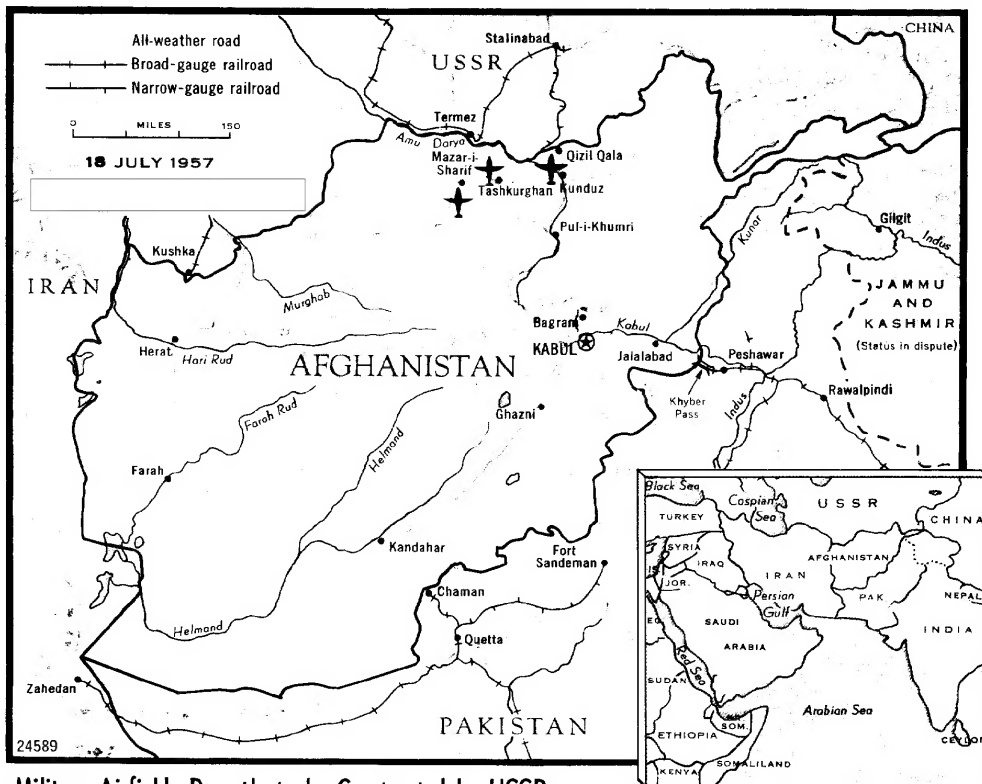
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small arms and ammunition, met a limited part of the country's needs. Following World War II, the government contracted to purchase sizable amounts of arms from British India, but only about one third of these had been delivered when the British left the subcontinent and the remainder of the arms were never delivered.

The armed forces have been poorly organized and trained, and the air force has been virtually useless. The infantry divisions vary in size from 3,000 to 5,000 men, and the staff organization is particularly weak. Some of the brigade and regimental staffs probably exist only on paper, and units smaller than regiments generally have no staff. Virtually all of the enlisted men below noncommissioned officer

rank are conscripted into the army for two years and then released, and nearly all the non-commissioned officers receive only elementary training courses in the divisions.

While the training given the officers is better than that of the enlisted men, it is still inadequate, even by the low standards of the area. Officer candidates usually pass through the lower military school--generally spending seven years there--and the higher level military college in Kabul, which offers a three-year military course. The quality of the training received is considerably below that in similar schools in other countries. A small number of officers and a few noncommissioned officers are trained abroad, chiefly in Turkey, but also in India, the United States and European countries.

**Military Airfields Reportly to be Constructed by USSR**

✦ CONSTRUCTION UNDER WAY ✦ SURVEY UNDER WAY ✦ UNDER CONSIDERATION

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Soviet Arms Deals

Prime Minister Daud's search for arms, which began after he took office in late 1953, was given new impetus in May 1955, when his government was unable to arm and supply the reserves mobilized to meet a potential threat from Pakistan following Afghan looting of the Pakistani embassy in Kabul in March.

After extended negotiations with Prague and Moscow, he announced on 26 August 1956 that his government had concluded an agreement with the USSR and Czechoslovakia for the supply of arms.

Deliveries are estimated to total about \$20,000,000 up to June 1957, and are believed to include up to 40 MIG aircraft, nearly 50 conventional aircraft--primarily trainers--at least 30 light and medium tanks, an unknown amount of artillery and probably some antiaircraft guns, a substantial number of trucks, and large quantities of small arms and ammunition.

These arms have been delivered at a rate far too rapid for absorption by the Afghan armed forces, and large quantities of small arms, ammunition and possibly artillery are

stored in northern Afghanistan and in the Kabul area.

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Soviet Training Programs

Until the spring of 1957, Soviet military activity in Afghanistan was limited to the delivery of arms. In recent months, the USSR has begun to provide military training missions as well as maintenance technicians.

Soviet instructors are conducting aviation training at Mazar-i-Sharif, and an air tactics course reportedly is to open in Kabul later this year. The USSR is also believed to have instituted armored training at Herat, utilizing tanks which it has provided. In addition, Soviet officers reportedly are conducting infantry, mortar, artillery, anti-aircraft, and antitank courses in Kabul. These courses are reported to last six months, and a total of about 400 officers are attending them. The USSR probably will provide specialists to assist the Afghans in reorganizing their armed forces.

Military Installations

The Russians are to construct several military airfields in Afghanistan as a part of their effort to build up its air force. A major airfield capable of handling jets is to be built at Bagram, a site about 40 miles north of Kabul which is presently being surveyed. Another airfield capable of handling jets has been partially completed about six miles south of Mazar-i-Sharif, in northern Afghanistan. At present only a dirt runway has been constructed, but this is likely to be asphalted soon, since this airfield probably will be the main aviation training center.

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There are also reports that construction of a dirt runway is under way at Tashkurghan, near Mazar-i-Sharif, although it is not clear whether the USSR is involved in this construction. In addition, there are unconfirmed reports that a dirt airstrip built at Kunduz --east of Tashkurghan--was constructed with Soviet aid, although as of late June no Soviet activity had been reported there.

Afghan Motives

While the government's desire to improve the armed forces was probably the major factor in the decision to accept Soviet arms, the immediate stimulus apparently stemmed from an effort to strengthen Afghanistan's bargaining posi-

tion in its dispute with Pakistan over Pushtoonistan. When Daud announced the Soviet arms deal, he said he had made it in accordance with the decision of the Grand Assembly of Tribes in November 1955 which committed the nation to the Pushtoonistan movement and instructed Daud to seek weapons from any source to strengthen Afghanistan's position.

Although relations with Pakistan had improved considerably by early 1957, no real progress has been made in settling the dispute. This is unlikely to be a serious problem in the near future, however, since Daud is probably more immediately concerned with economic and military development within Afghanistan than in risking war with Pakistan.

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